

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:**

**CASE NO. 13685**

**APPLICATION OF MAGNUM HUNTER  
PRODUCTION, INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Magnum Hunter Production, Inc.

**ATTORNEY**

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, NM 87504-1056  
(505) 982-2043  
(505) 982-2151 facsimile

**APPLICANT**

Asher Enterprises Ltd. Co.  
Attn: Kevin Jones  
P. O. Box 423  
Artesia, NM 88211-0423  
(505) 748-1424

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

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**STATEMENT OF CASE**

**APPLICANT**

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 2, Township 24 South, Range 34 East, NMPM, and in the following manner: the N/2 to form a standard 320-acre gas spacing and

proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Antelope Ridge-Atoka Gas pool and Antelope Ridge-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Antelope Ridge – Wolfcamp Pool. The units are to be dedicated to the Antelope State 2 Well No. 3, to be drilled at an orthodox location in the NW/4 NE/4 of Section 2. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPOSITION

Asher Enterprises Ltd. Co. opposes the application and will present testimony that shows that no good faith negotiations for the drilling of the proposed well have occurred and therefore pooling is premature.

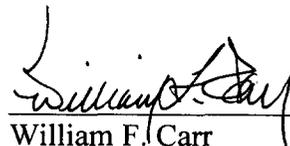
**PROPOSED EVIDENCE**

OPPOSITION

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Kevin Jones (Oil and Gas Operator) (May Call)	Approx. 15 Minutes	Approx. 3

**PROCEDURAL MATTERS**

Asher Enterprises Ltd. Co. has none at this time.

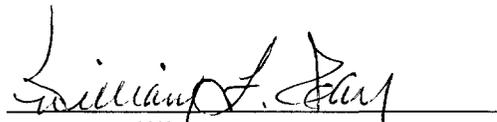
  
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William F. Carr  
Attorney for Asher Enterprises Ltd. Co.

**CERTIFICATE OF SERVICE**

I certify that on March 23, 2006, I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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William F. Carr